

# **AlixPartners Attitudes to Activism survey**

Headline results – 500 public company execs

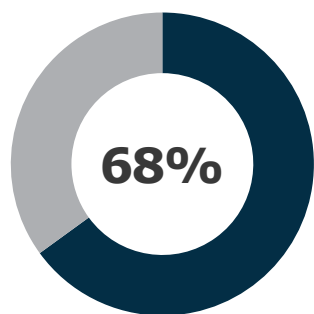
March 2019

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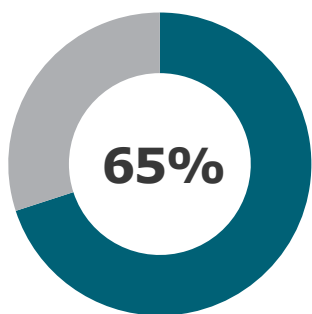
## Background: The increasing need for action on activism

In December 2018 AlixPartners undertook a survey of 500 public companies across Europe to ascertain their perspectives on the growing threat from activist investors.

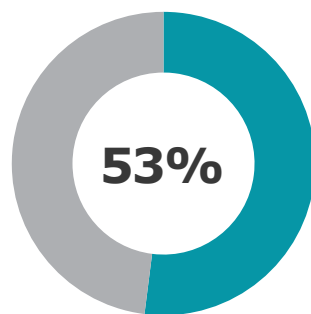
This summary deck captures the questions asked, percentage responses and direct (anonymously provided) quotes from executives around both individual questions and the overall topic.



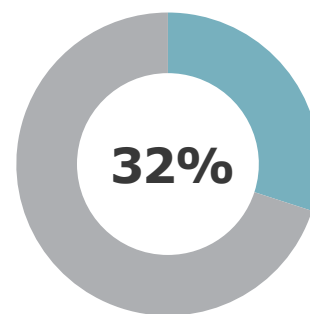
Report concern about the rise of investor activism



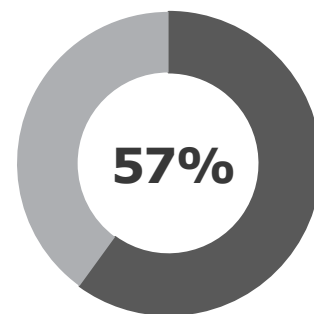
Reveal that the importance of activism has increased or increased dramatically



Admit they lack a clear strategy for dealing with investor activism



Assess their own organisation as having a low level of expertise when it comes to dealing with investor activism



Expect to need 3rd party support for managing activism in the next 12 to 24 months

# The time for honest reflection

“ It’s bigger than just activists. It’s a wider ecosystem of stakeholders, interested parties and social media commentators

“ We don’t have an active policy on activism

“ Boards should have a policy, a strategy but many (us included) just don’t

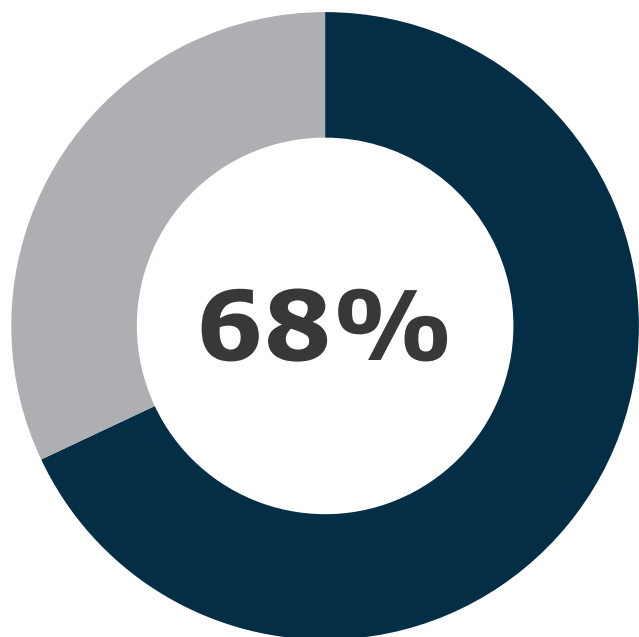
“ Things have changed. To some degree it has crept up on us. These days it is easier to stir up activism. Like-minded groups are instantly connected and able to mobilise

“ We haven’t engaged well or explained ourselves well to be honest

“ For a long time we could size the threat. We knew when and where it was coming from. Technology has changed that

## Question 1: Does the rise of investor activism concern you?

“ Here’s an issue – the world of policy and regulation has become ever more volatile and dynamic. So in response we group together and speak through industry mouthpieces. But this sometimes compounds the problem because activists often desire transactional, specific replies and instead we deliver slick and general group communications. There is a disconnect.<sup>1</sup>



### 68% report concern about the rise of investor activism

340 companies out of 500 are reporting concern about the rise of investor activism.

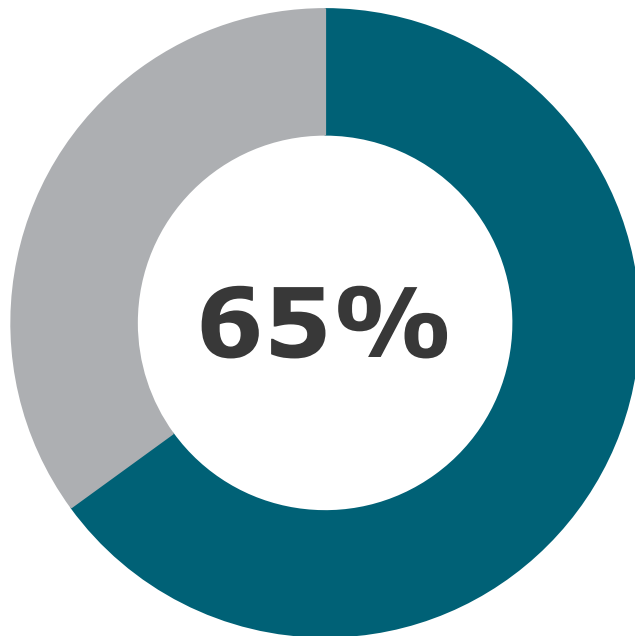
**Key sectors:** Oil & Gas, Automotive and Financial Services

\*Quotes taken from anonymous PLC leader interviews undertaken during December 2018 by Explain the Market on behalf of Alix Partners

## Question 2: How has the importance of managing activism changed in the last 12 months?



We are trying to catch up – but it feels like we are behind the curve<sup>1</sup>



**65% reveal that the importance of activism has increased or increased dramatically**

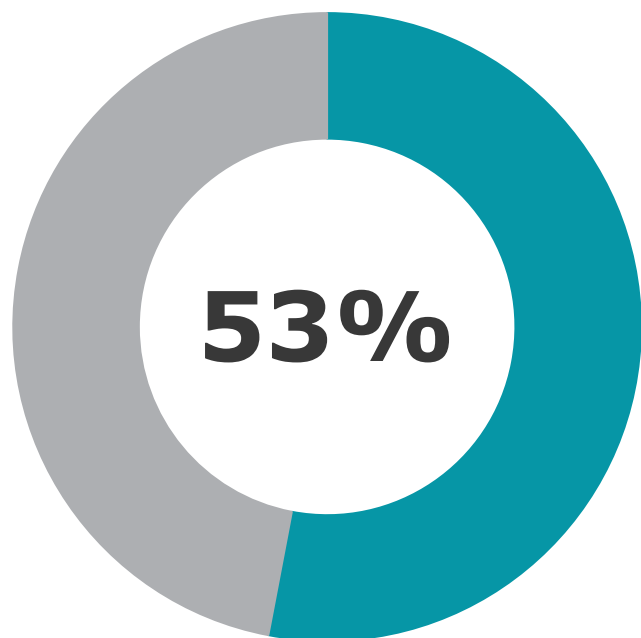
325 companies out of 500 are reporting that the importance of managing investor activism has increased in the last 12 months.

**Key sectors:** Telco, Pharmaceuticals, Retail, and Consumer Goods

1. Quotes taken from anonymous PLC leader interviews undertaken during December 2018 by Explain the Market on behalf of Alix Partners

## Question 3: Do you have a clear strategy for dealing with Investor Activism

“ We just don't have a real strategy at the moment<sup>1</sup>



**53% admit they lack a clear strategy for dealing with investor activism**

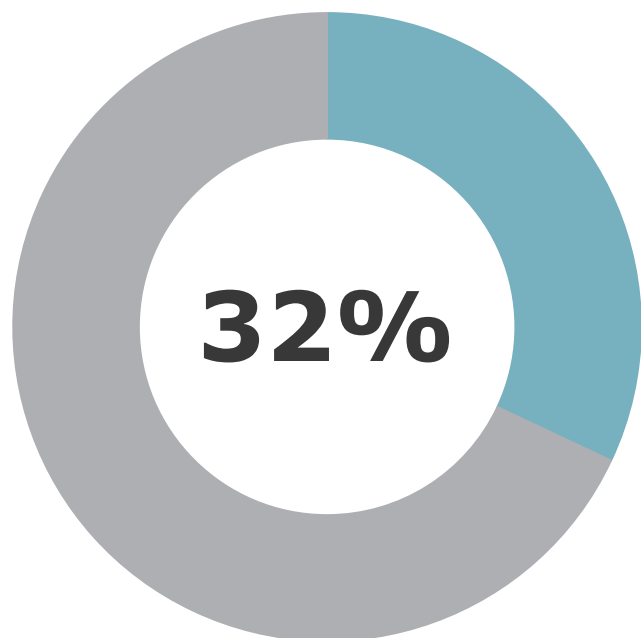
265 companies out of 500 are reporting a lack of a clear strategy for dealing with investor activism.

**Key sectors:** Retail, Energy and Financial Services

1. Quotes taken from anonymous PLC leader interviews undertaken during December 2018 by Explain the Market on behalf of Alix Partners

## Question 4: How do you assess your in-house level of expertise when it comes to dealing with investor activism and other forms of activism.

“ Part of the problem is the impact of actually having a strategy. When you formalise it means you immediately need to start baking things into plans that have cost and margin implications. In fact, even the process of understanding the implications brings cost...<sup>1</sup>



**32% assess their own organisation as having a low level of expertise when it comes to dealing with investor activism**

160 companies out of 500 are reporting low levels of expertise at dealing with investor activism.

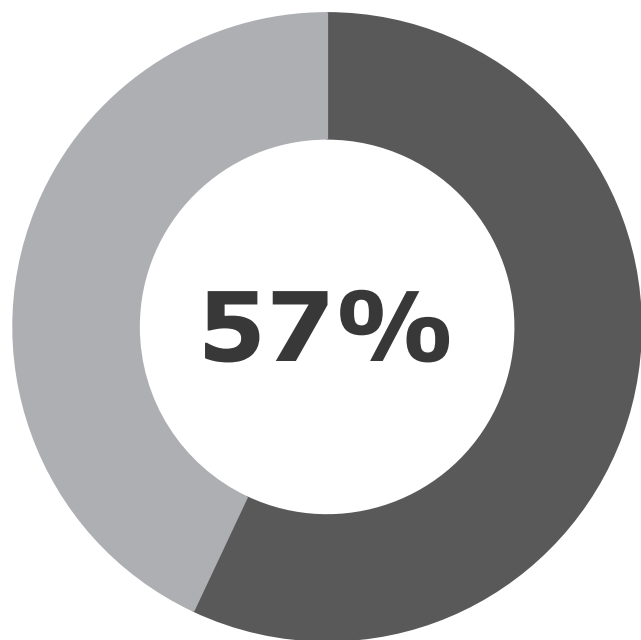
Only 50 companies identified themselves as having a high level of in-house expertise

**Key sectors:** Construction, Financial Services

1. Quotes taken from anonymous PLC leader interviews undertaken during December 2018 by Explain the Market on behalf of Alix Partners

## Question 5: When it comes to managing activism over the next 12 to 24 months - do you expect to need expert third party support?

“ Trust is a factor. For a long time this has been managed behind closed doors<sup>1</sup>



**57% expect to need 3rd party support for managing activism in the next 12 to 24 months**

285 companies out of 500 are expecting to require third party help to manage investor activism in the next 12 to 24 months.

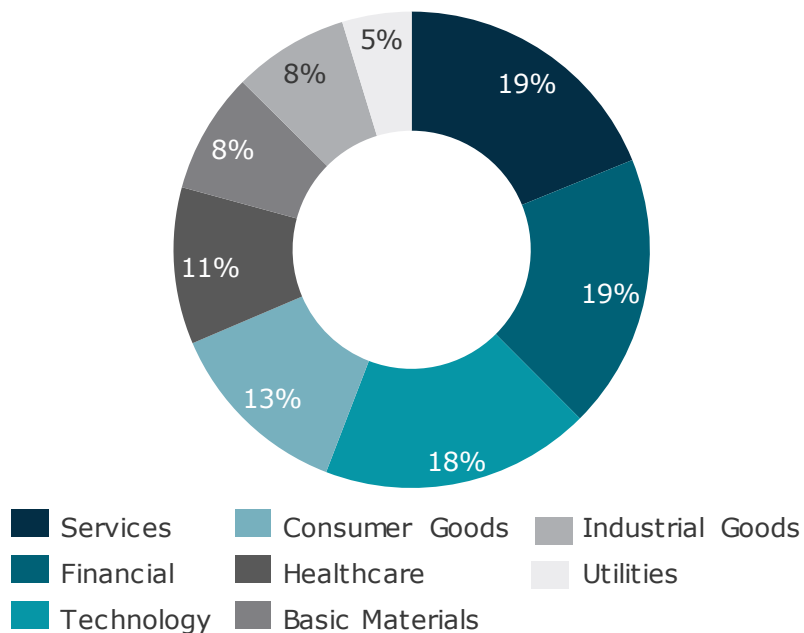
**Key sectors:** Oil & Gas, Automotive and Financial Services

1. Quotes taken from anonymous PLC leader interviews undertaken during December 2018 by Explain the Market on behalf of Alix Partners



# Gaining board representation is the top demand tactic used by activists to drive change and extract value from corporate targets

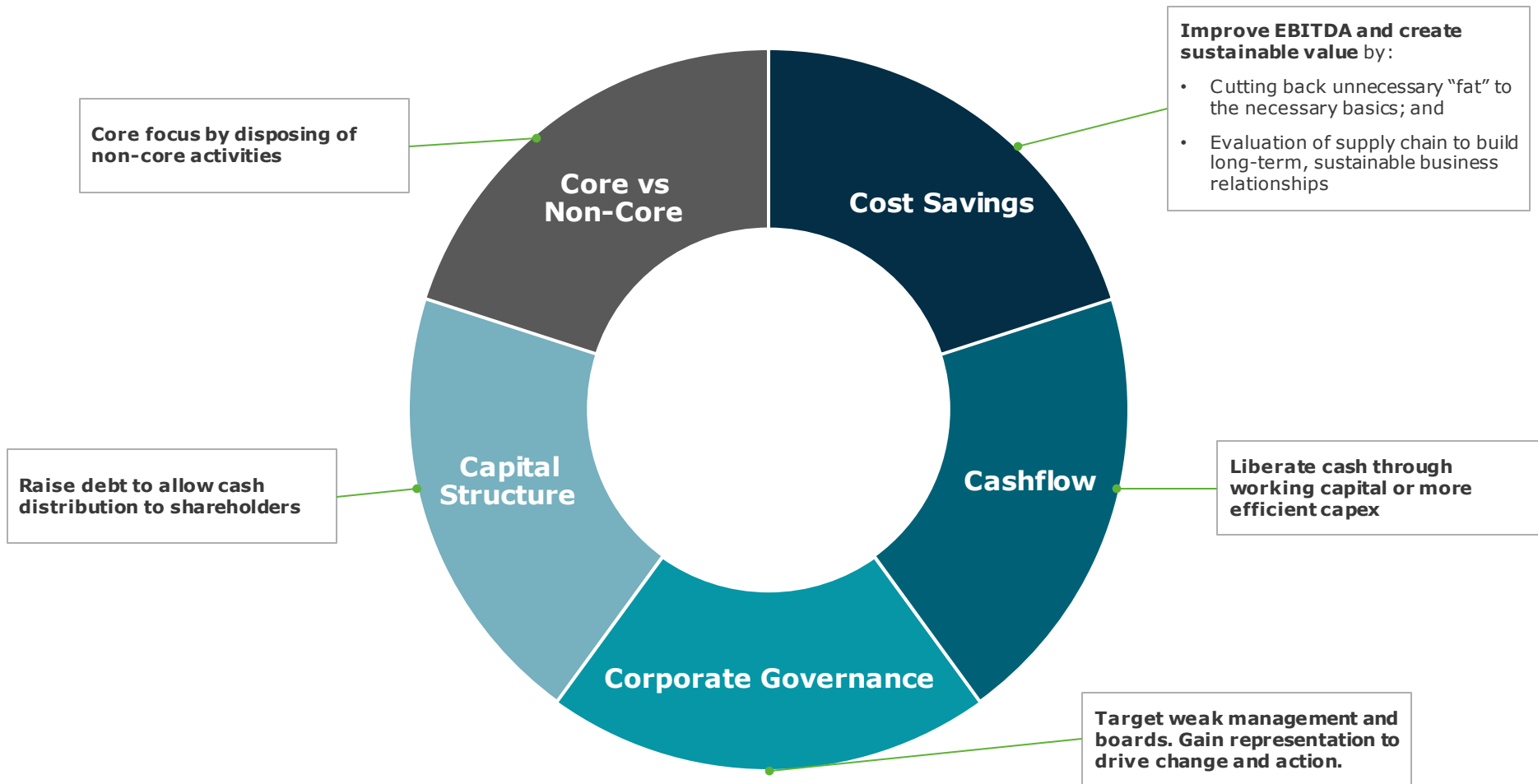
Sectors publicly subject to activist demand



Top 10 Activist Demands

- 1 Gain Board Representation
- 2 Amend Bylaw
- 3 Removal of CEO or Other Board Member
- 4 Push For Sale of Company to Third Party
- 5 Change Board Composition
- 6 Remuneration
- 7 Lack of/Inaccurate Information From Company
- 8 Board Independence
- 9 Dividends
- 10 Sell/Retain Assets

# Activists consistently target what we term “The 5Cs” – All of which are in the Board’s control



**AlixPartners**

**WHEN IT REALLY MATTERS.**